GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Municipal Administration & Urban Development Department – Andhra Pradesh Urban Development Fund (APUDF), a Trust incorporated under the Trusts Act, 1882 – Budget Release Order for Rs. 1000.00 Crores towards the initial Corpus Fund contribution of Government of Andhra Pradesh - Administrative Sanction – Accorded.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UH) DEPARTMENT

G.O.Ms.No. 455 **Dated:19.12.2017**

Read the following:-

1. G.O.Ms.No.132, Municipal Administration & Urban Development (UBS) Department, dated 24.05.2016.
2. G.O.Ms.No.133, Municipal Administration & Urban Development (UBS) Department, dated 24.05.2016.
3. G.O.Ms.No.162,Municipal Administration & Urban Development (UBS) Department, dated 24.06.2016.
4. G.O.Ms.No. 182 Municipal Administration & Urban Development (UI) Department, dated 21.07.2016.
5. G.O.Ms.No. 240, Municipal Administration & Urban Development (UBS) Department, dated 06.10.2016.
6. G.O.Ms.No. 319, Municipal Administration & Urban Development (UI) Department, dated 07.12.2016.
7. G.O.Ms.No.05, Municipal Administration & Urban Development (UI) Department, dated 02.01.2017.
8. G.O.Ms.No. 06, Municipal Administration & Urban Development (UI) Department, dated 02.01.2017
9. G.O.Ms.No. 07, Municipal Administration & Urban Development (UH) Department, dated 02.01.2017.
10. G.O.Ms.No. 08, Municipal Administration & Urban Development UBS) Department, dated 02.01.2017.
11. G.O.Ms.No.09, Municipal Administration & Urban Development (UBS) Department, dated 02.01.2017.
12. G.O.Ms.No.10, Municipal Administration & Urban Development (UBS) Department, dated 02.01.2017.
13. G.O.Ms.No.11, Municipal Administration & Urban Development UBS) Department , dated 02.01.2017.
14. G.O.Ms.No.12, Municipal Administration & Urban Development UBS) Department, dated 02.01.2017.
15. G.O.Ms.No.13, Municipal Administration & Urban Development (UBS) Department, dated 02.01.2017.
16. G.O.Ms.No. 58, Municipal Administration & Urban Development (UBS), dated 08.02.2017.
17. G.O.Ms.No. 426, Municipal Administration & Urban Development (UBS) Department, dated 07.12.2017.

P.T.O.

18.G.O.Rt.No. 2287, Finance (FMU-I&I, EF & MA) Department, dated.12.12.2017.

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O R D E R :-

Government vide G.O.Ms.No. 132, Municipal Administration & Urban Development (UBS) Department, dated 24.05.2016 issued orders incorporating Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML) under the Companies Act, 2013 for the development of the urban infrastructure projects in the State. The newly incorporated Andhra Pradesh Urban Infrastructure Asset Management Limited is contemplated to be an Asset Management Company (AMC) for managing an urban Fund with a twofold responsibility of assisting Urban Local Bodies in preparing and structuring urban infrastructure projects on commercially viable models and to raise financial resources for the proposed Urban Fund through innovative instruments by leveraging Government Funds.

2. Government vide G.O.Ms.No.133, Municipal Administration & Urban Development (UBS) Department, dated 24.05.2016 issued orders approving the formation of the Urban Development Fund in the style and name of Andhra Pradesh Urban Development Fund (APUDF) which will be set up as a separate legal entity as a Trust under the Indian Trusts Act, 1882.

3. Government vide G.O.Ms.No.319, Municipal Administration & Urban Development (UI) Department, dated 07.12.2016 issued orders approving the Fund Structure of the APUDF according approval to set up the APUDF as Category II AIF entity under the SEBI (Alternative Investment Funds) Regulations, 2012.

4. The APUIAML has informed that the APUDF has been registered as a separate legal entity, a Trust under The India Trusts Act 1882 and that the APUDF is targeting a fund corpus of Rs. 5,000.00 Crores with Government of AP as the anchor investor. APUIAML as the Fund Manager will be optimally and effectively leveraging the Fund and other government funds & grants to raise a larger corpus for urban financing using bilateral / multilateral funding, bank financing, municipal bonds, etc at the projects and / or SPV level. As the performance of the Fund improves, the leveraging from external investors can be higher. The initial seed corpus of APUDF i.e. Rs. 1,000.00 crores would be provided by Government of AP as it would be critical to give necessary comfort to the investors on Government of AP participation in the Fund as its anchor investor. Other contributors like domestic and international banks and financial institutions and multilateral and bilateral agencies will be approached to provide the remaining capital for APUDF in the form of equity or equity equivalent, grants technical assistance, etc.

5. The initial seed corpus of Government of AP would be leveraged to create the envisaged total Fund corpus of Rs 5,000.00 Crores. The Fund will be further leveraged to raise bank financing at the project level so as to raise the total financing corpus to Rs 10,000 – 15,000 Crores in the first phase. Further leveraging will be explored including procuring strategic equity at project level will be explored for each project invested through APUDF to create a capital stack multiplier effect. A key requirement to enable such leveraging is for the projects

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to be structured as commercially viable and bankable. Certain projects will be undertaken on PPP basis so as to have higher private sector participation in the projects and benefiting the state, like the Transportation, Urban Development, etc. APUIAML will also assist in raising financing through capital markets like municipal bonds financing for Urban Local Bodies. APUDF can look at strategic participation in these projects as relevant. In addition, equity and grants from Government of AP and ULBs for other projects like the Vijayawada Water Supply, Visakhapatnam Sewerage, Smart Cities and other projects will be invested through APUDF. This will enable to build a strong balance sheet of the Fund as well as have a ready portfolio of Projects in the Fund. This will help in approaching investors in the Fund who are likely to get comfort from the balance sheet strength of the Fund and the ready pipeline of projects that the Fund has already undertaken. The Key Projects for investment through APUDF after meeting the requirement of being both commercially viable and bankable will be (a) Vijayawada 24 x7 Water Supply Phase I & II (b) Visakhapatnam Sewage Project Phase I & II (c) Jakkampudi Economic city Infrastructure and (d) State sponsored Smart Cities.

6. After due deliberation of the entire matter, Government in Finance Department issued Budget Release order for an amount of Rs.1000.00 crores towards the initial corpus fund of Government of Andhra Pradesh as additional funds under the Head of Account 4217-60-190-11-SH (11) Investments in Andhra Pradesh Urban Development Fund – 540-000 in relaxation of Treasury Control and Quarterly Regulation Orders, pending provision of funds by way of obtaining supplementary grants at appropriate time during the current financial year, 2017-18 with a request to submit Bill for Rs.100.00 Crores each at a time vide reference 18th read above.

7. Government accordingly hereby accord administrative sanction for an amount of Rs.1000.00 crores (Rupees thousand crores only) as additional funds in relaxation of treasury control and quarterly regulation orders pending provision of funds by obtaining supplementary grant during the current Financial Year 2017-18 towards the initial corpus fund of Government of Andhra Pradesh to the Andhra Pradesh Urban Development Fund. Further, the Member Convener, APUDF, shall take necessary action for issue of Class A units of APUDF to Government of Andhra Pradesh.

8. The Assistant Secretary to Government (Drawing and Disbursing Officer) Municipal Administration and Urban Development Department, Andhra Pradesh shall draw the amount of Rs.1000.00 crores (Rupees Thousand crores only) by way of preferring the bill for Rs.100.00 Crores each at a time during the current Financial Year 2017-18 and prepare a cheque in favour of Andhra Pradesh Urban Development Fund payable at Vijayawada Andhra Pradesh. (Current Account No. 034311100004508of Andhra Bank, M.G.Road, Labbipet, Vijayawada, Andhra Pradesh).

9. The Director of Treasuries and Accounts, A.P., Ibrahimpatnam, Vijayawada / Director of Works and Accounts, AP shall accord necessary budget authorization to the bills submitted by the Assistant Secretary to Government & Drawing and Disbursing Officer, MA&UD Department, A.P., Secretariat as indicated in the Budget Release Order issued vide reference 18th read above.

P.T.O.

10. This order issues in accordance with the Budget Release Order issued by the Finance Department.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML), Vijayawada.
The Company Secretary, Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML), Vijayawada.
The Assistant Secretary to Government & Drawing and Disbursing Officer, Municipal Administration, A.P. Secretariat, Velagapudi.

Copy to:-

The Director of Treasuries and Accounts, Ibrahimpatnam, Vijayawada.
The Pay and Accounts Officer, Vijayawada.
The Director, Municipal Administration, Gorantla, Guntur.
The Managing Director, APUFIDC, Hyderabad.
The Finance (FMU-I&I,EF&MA) Department.
The MA & UD (Budget) Department.
Sf/Sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER